

Appendix 5 of this report contains exempt information contained in Paragraphs 3 and 5 of 12A of the Local Government Act 1972 (information relating to the financial and business affairs of the Council and also information to which legal professional privilege could be applied)

Report to: **Overview and Scrutiny Panel**

Date: **24<sup>th</sup> August 2017**

Title: **Kingsbridge Quayside Stage 2**

Portfolio Area: **Assets**

Wards Affected: **Kingsbridge**

Relevant Scrutiny Committee: Internal

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Executive 14<sup>th</sup> September 2017

Author: **Dan Field** Role: **Senior Specialist - Assets**

Contact: **01803 861257 dan.field@swdevon.gov.uk**

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**Recommendation:** That the Panel notes the update on the Kingsbridge Quay project, as set out in this report, and makes any appropriate recommendations

## **1. Executive summary**

- 1.1 This report provides a summary of the work that has been undertaken as part of the Kingsbridge Master Plan project, referred to herein as Stage 1.
- 1.2 Stage 1 has identified the baseline constraints and opportunities for development within the already allocated site boundary.
- 1.3 Development options have initially been based upon the site allocation parameters, as presented within JLP, of 100 homes and 200m<sup>2</sup> of employment land.
- 1.4 Following workshops with the Town Council, local members and stakeholders Stage 1 has ended with a public consultation event (1<sup>st</sup> to 23<sup>rd</sup> July 2017).
- 1.5 The public consultation gained in excess of 700 respondents which represents more than 10% of the local population.
- 1.6 The public consultation has identified that key public concerns are primarily linked with quayside development, net loss of parking and affordable housing models.
- 1.7 Financial analysis has demonstrated that the scale of quayside development is fundamental in achieving an acceptable financial return as well as delivering the wider project objectives (affordable housing and public realm improvements).
- 1.8 Further investigations are currently being undertaken to analyse the financial effect associated with the Quayside development.
- 1.9 The Council has currently spent just under £500k (after purchase costs) on acquiring the Rope Walk site and a further £107k on Stage 1.
- 1.10 The project is scheduled to go to Executive on the 14<sup>th</sup> September where recommendations will be made on how to proceed (Stage 2).
- 1.11 At this time Stage 2 is likely to comprise of:
  - more detailed assessment of both construction and associated costs, through market testing
  - Working towards the submission of outline planning.

## **2. Background**

- 2.1 Kingsbridge is an historic market town at the head of the Kingsbridge Estuary and has a population of 6000.
- 2.2 The town is accessible via the main road network of the A379 and A381 but is some distance in relation to the strategic road network.
- 2.3 The town benefits from strong local character and is located deep in the heart of the South Hams and adjacent to the South Devon Area of Outstanding Natural Beauty.
- 2.4 Kingsbridge Quayside (formally known as K2) was originally allocated as part of the Kingsbridge Site Allocations Development Plan Document (DPD), which was adopted in February 2011. The site allocation is described as being:
- *About 1 hectare of employment land, offices and workshops;*
  - *About 100 dwellings;*
  - *Enhanced public realm including access to and focus on the Estuary;*
  - *Retention of existing levels of car parking; and*
  - *Cycle and footpath provision including enhanced access to the town centre.*

### **Refer to Appendix 1 for figure illustrating the K2 allocation**

- 2.5 This allocation has been retained in the emerging Joint Local Plan (JLP). Policy TTV13 identifies potential for housing, shops, employment, leisure and public realm improvement. A key difference from the DPD is a reduction in the employment floor space (Use Class B1) from 1 hectare to just 200m<sup>2</sup> to avoid creating competition with Fore Street.

### **Refer to Appendix 2 for figure illustrating the JLP recommended allocation**

- 2.6 A large section of the allocated site falls within the ownership of South Hams District Council (SHDC) including:
- Town Square and Bus Station
  - Quay Side Car Park and leisure centre
  - Cattle Market Car Park
  - Rope Walk Resource Centre (purchased by SHDC in 2016 for £450k)
  - Area of land adjacent to Kingsbridge School
- 2.7 In June 2016 SHDC commissioned Montague Evans & LHC, following a procurement process, to prepare a comprehensive masterplan for Kingsbridge Quayside. The consultants brief included the following outputs:
- Baseline constraints and opportunities
  - Stakeholder engagement and workshops
  - Concept design and financial constraints
  - Public consultation

- Business Case and viability
- Final appraisal and summary report reflecting all of the above.

2.8 The aim of the study is to develop a comprehensive masterplan for the regeneration of the quayside area in order to create a vibrant and mixed use quarter which will become a location of choice for the business, living, leisure and commercial sectors.

2.9 The regeneration is central to driving forward growth in the town; this is why the council have ambitious plans for development of the site. – This will also provide a financial return to the Council, whilst providing a mix of affordable and open market dwellings, together with a small amount of employment space.

2.10 The master plan process has comprised of the following six work stages:

**Stage 1 & 2:** Desktop Study & Preliminary Key Stakeholder Workshop (July to October 2016)

**Stage 3:** Concept Design and Financial Strategy (October – May 2017)

**Stage 4:** Stakeholder and Community Consultation (June-July 2017)

**Stage 5:** Master Plan Document & Business Case (current)

2.11 An overview of each project stage is presented within Sections 3 to 6 respectively.

### **3. Desktop Study & Preliminary Stakeholder Workshop (Stages 1 & 2)**

3.1 An initial workshop event was held on 14th September 2016 inviting key stakeholders input and comment upon key site constraints and opportunities for development options for the allocated site.

3.2 The project team worked closely with Kingsbridge Town Council, local members and stakeholders to identify the schemes key priorities. The workshops indicated that any development of Kingsbridge Quay should:

- Enhance the character of Kingsbridge and its attractiveness to visitors, supporting the economic viability of the town centre;
- Improve connectivity between the Quay and Fore Street
- Provide high quality, sustainably affordable housing to meet local community needs.
- Minimising car parking loss
- Deliver infrastructure improvements
- Not create competition with Fore street traders, but accepting a balance of other employment uses.

3.3 The desktop study has identified a number of key site constraints, including:

- An existing public right of way runs down the back of the Quay Car Park which may need diverting to facilitate the proposals. Footpath diversions can take many years to achieve, if individuals choose to make it difficult.
- Implications which could arise from on-going ecology surveys.
- A parcel of land at the bottom of Tumbly Hill is subject to a separate planning application by a private developer. This could result in competing planning constraints.
- The Quay Wall is known to be in poor condition and a major project to design and ultimately build a new wall is underway, but this will be expensive and disruptive.
- Ground conditions. Bore holes have been undertaken which show that the building would need to be built on piled foundations. The cost appraisal for the scheme includes for this item, but should the pile depth vary, it could have an impact on cost.
- The visual impact of any scheme with quayside development will need to be appropriately addressed through the completion of a Landscape and Visual Impact Assessment
- Tree Constraints; whilst project has undertaken initial tree survey the implications will not be known until final design has been worked up. It is possible that some limited tree removal be required.

- Public Opposition. It is clear that there is a level of opposition to any development on the Quay amongst some in Kingsbridge. The Council should be prepared if it moves forward to Stage 2 and beyond to have to manage this pressure.

#### **4. Concept Design and Financial Strategy (Stage 3)**

4.1 A number of concept designs have been developed and considered varying quantities and distribution of development and wider regeneration and enhancement opportunities.

4.2 Typically a private developer would be looking for any scheme to generate a return in excess of 20%. Whilst SHDC are not a developer and considering the wider benefits that we are also trying to deliver it is felt that SHDC should be looking to generate a return of between 12.5% and 15% when assessing financial viability.

4.3 The scheme taken to public consultation balanced the priorities, previously listed, against that defined in the site allocation – it represented the possible, not necessarily the desirable. The concept comprised of:

- Highways and public realm improvements around Market Square (referred to as Area 1)
- Approximately 50 new residential apartments with allocated parking at the Southern end of the Quay (referred to as Area 2)
- Approximately 40 new affordable homes, including community housing scheme built in partnership with the local community (referred to as Area 3/4)

**A copy of the consultation material is provided within Appendix 3**

4.4 The presented scheme resulted in the net loss of 57 spaces out of the 374 spaces provided across both the Quayside and Cattle Market car parks.

4.5 This level of parking loss was deemed acceptable following the completion of an car park assessment which showed the following utilisations:

<b>Car Park</b>	<b>No.of Spaces</b>	<b>Utilisation</b>	<b>Average Maximum</b>
Cattle market	118	Low	Less than 40%
Quay	256	High	88% to 100%
Fore street	110	High	100%
Duncombe Park	15	High (permit)	
Lower Union Road	61	High (permit)	

4.6 In addition the scheme proposes investment in improved signage and car park management.

4.7 More detailed layouts would be developed as the masterplan moves into a project delivery stage. This would need to consider the consultation results but also the many other factors that would

ultimately shape development, including ecology, landscape setting, heritage and archaeology and infrastructure and flooding.

4.8 Details regarding financial illustrations are including with Appendix 5 which is exempt.

## **5. Stakeholder and Community Consultation (Stage 4)**

5.1 The public consultation event was held between the 1<sup>st</sup> and 23<sup>rd</sup> July 2017, inviting members of the public to comment and provide feedback on development options.

5.2 The team worked with the local press to promote the public consultation, which had a two week "soft start" online, ahead of a week's public engagement, including a town council evening meeting.

5.3 As previously detailed the scheme taken to public consultation balanced the priorities, previously listed, against that defined in the site allocation – it represented the possible, not necessarily the desirable. The concept comprised of:

- Highways and public realm improvements around Market Square (referred to as Area 1)
- Approximately 50 new residential apartments with allocated parking at the Southern end of the Quay (referred to as Area 2)
- Approximately 40 new affordable homes, including community housing scheme built in partnership with the local community (referred to as Area 3/4)

### **A copy of the consultation material is provided within Appendix 3**

5.4 Following consultation with the portfolio holder and Executive, it was decided to extend the deadline for the consultation by a further two weeks. A final public engagement session was run at the Leisure Centre in the final week.

5.5 The public consultation gained in excess of 700 respondents which represents more than 10% of the local population

5.6 Whilst it is imperative that the results are not generalised, some clear trends have emerged:

- The highway and infrastructure improvement opportunities identified in Area 1, in conjunction with Town Council, were not well supported, with a general feeling of "it ain't broke, so don't fix it"
- Improvements and repairs to the quayside walls were seen as a priority in terms of infrastructure improvements.
- Resistance to any development on the quay and if any it should be at a scale that is not out of place with Kingsbridge.
- Strong disagreement that the consulted concept achieved the right balance between development and retention of car parking. The consulted scheme indicates a net loss of 57

spaces but with the provision of investment in improved signage and car park management

- Strong agreement that the scheme should prioritise provision of affordable housing for the local community.
- Recognition that development of Kingsbridge quayside is needed to support costs of improvements to public realm and provision of affordable housing.
- There was little support for a walkway or bridge across the end of the Quay. Anecdotally, there was support for an increase in mooring provision for boat owners and anything that improved water access and utilisation.

## **6. Master Plan Document & Business Case (Stage 5 - current)**

6.1 Work is currently being undertaken to finalise the master plan document.

6.2 Further analysis of the project finances are also being undertaken to generate an illustrative concept design that would result in an acceptable level of financial return and deliver the wider project objectives.

## **7. Proposed Way Forward**

7.1 The team are working up the master plan ready for presentation to the Executive on the 14<sup>th</sup> September 2017.

7.2 This report will include recommendations for how the project should proceed. Referred to herein as Stage 2

7.3 The objective of Stage 2 will be the submission of an outline planning application with exact details to be agreed.

7.4 The purpose of this Master plan is to provide a summary of the development of the masterplan including; summarising the site appraisal and assessment of opportunities and constraints; describing the development options and consultation process; setting out the preferred option, viability appraisal and proposed delivery strategy.

7.5 The purpose of this master plan is not to come up with a final scheme.

7.6 An indicative Stage 2 workflow is included in **Appendix 4**

7.7 Stage 2 will have the following outputs:

- Procurement of appropriate consultant support
- Further studies to try and address some of the key public concerns
- Market testing to ensure best delivery methodology
- Scheme design to meet planning requirements (likely to be Outline Planning + more detail for Area 2)
- Design review panel submission
- More detailed assessment of construction and associated costs, through market testing, before proceeding to outline planning.
- Environmental assessments
- Ecological surveys
- Geotechnical review
- Drainage strategy
- Footpath constraint strategy



- Planning submission
- Updated detailed business case Programme for delivery (including discharge of planning conditions and reserved matter applications)
- Report to Executive detailing delivery options, costs, programme, resource implications, risks, borrowing and summary of proposed scheme as per planning application.

7.8 Stage 2 will require a procurement review such that the project remains within the OJEU regulations on spend for services as well as our own procurement rules. Through this process, best value will be derived and detailed costs ascertained.

7.9 We are currently awaiting a final indicative fee proposal from our Consultations on the anticipated Stage 2 costs. We will still need to undertake a procurement exercise

7.10 Stage 2 will also look at risk and potential exit strategies.

## 8. Implications

<b>Implications</b>	<b>Relevant to proposals Y/N</b>	<b>Details and proposed measures to address</b>
Legal/Governance	Y	Appendix 5 is exempt
Financial	Y	Work is currently being undertaken to finalise the master plan document. Further analysis of the project finances are also being undertaken to generate an illustrative concept design that would result in an acceptable level of financial return and deliver the wider project objectives
Risk	Y	Reference Section 3.3 for key risks moving forward.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	Not applicable.
Safeguarding	N	Not applicable.
Community Safety, Crime and Disorder	N	Not applicable.
Health, Safety and Wellbeing	Y	Not applicable
Other implications	N	Not applicable.

## **Supporting Information**

### **Appendices:**

Appendix 1: Figure illustrating the K2 allocation

Appendix 2: Figure illustrating the JLP recommended allocation

Appendix 3: Public Consultation Material

Appendix 4: Stage 2 Workflow

Appendix 5: Financial Information (EXEMPT)

<b>Process checklist</b>	<b>Completed</b>
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Executive/Hub/Scrutiny)	-